

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 528 - HB 542

March 19, 2015

SUMMARY OF BILL: Authorizes any Tennessee resident who has been residing outside of the United States due to employment to ship any wine purchased while residing outside the U.S. to this state.

ESTIMATED FISCAL IMPACT:

**Increase State Revenue – \$63,200/FY15-16/ABC Fund
\$1,900/FY15-16/General Fund
\$25,000/FY16-17 and Subsequent Years/ABC Fund
\$700/FY16-17 and Subsequent Years/General Fund**

**Increase Local Revenue – \$400/FY15-16
\$200/FY16-17 and Subsequent Years**

Assumptions:

- According to the Association of Americans Residing Overseas, there are approximately 6,320,000 Americans, excluding military members, living abroad. It is estimated that 10 percent of them, or 632,000, reside abroad due to employment. It is further estimated, based on Tennessee and U.S. population ratios, that two percent, or 12,640, of such individuals are Tennessee residents.
- Five percent, or 632 individuals, will apply to ship wine into the state. The one-time fee to ship wine into the state, payable to the Alcoholic Beverage Commission (ABC) is \$100. This will result in a one-time increase in state revenue to the ABC Fund of \$63,200 (632 x \$100) in FY15-16.
- Beginning in the second year, 250 applicants will apply for the license annually, resulting in a recurring increase in state revenue to the ABC Fund of \$25,000 (250 x \$100), beginning in FY16-17.
- Pursuant to Tenn. Code Ann. § 57-3-302 (a), the sale or distribution of wine is taxed at rate of \$1.21 per gallon.
- Pursuant to Tenn. Code Ann. § 57-3-306 (b), the wine tax is appropriated 82.5 percent to the state's General Fund and 17.5 percent to the local governments.
- It is estimated that each licensee will ship an average of three gallons of wine per year. As a result, 1,896 gallons of wine (632 x 3) will be shipped in FY15-16, and 750 gallons of wine (250 x 3) will be shipped in FY16-17 and subsequent years.

- The FY15-16 increase in revenue to the General Fund is estimated to be \$1,893 ($1,896 \times \$1.21 \times 82.5\%$); the FY15-16 increase in local government revenue is estimated to be \$402 ($1,896 \times \$1.21 \times 17.5\%$).
- The recurring increase in revenue to the General Fund, beginning in FY16-17, is estimated to be \$749 ($750 \times \$1.21 \times 82.5\%$); the recurring increase in local government revenue is estimated to be \$159 ($750 \times \$1.21 \times 17.5\%$).
- Since any wine shipped to Tennessee pursuant to this section is prohibited from being resold, state and local sales taxes will not be levied.
- No additional personnel or resources will be required by the ABC.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Jeffrey L. Spalding, Executive Director

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